



## Beehive Co. Ltd.

Beehive Co. Ltd. are in the process of raising \$500,000 in funding from investors to assist the launch of the company. The company plans to sell the following products & services and the table below also sets out the projected growth in unit sales each year.

Products & services	Unit Price	Unit Sales Year 1	Unit Sales Year 2	Unit Sales Year 3	Unit Sales Year 4	Sales Price
<b>Beehive Starter</b>						
Small	40	107	678	2992	9390	\$40
Large	60	150	949	4189	13146	\$60
<b>Beehive Mains</b>						
Small	120	64	407	1275	2291	\$120
Large	150	43	271	850	1527	\$150
<b>Beehive Training (50% of Users)</b>						
Option 1	90	91	576	2327	6588	\$90
Option 2	50	91	576	2327	6588	\$50
<b>Beehive Installation (40% of Users)</b>						
Option 1	100	73	461	1861	5271	\$100
Option 2	90	73	461	1861	5271	\$90

The company expects that 50% of customers will avail of online training support and 40% of users will opt for the company's installation services. Direct costs for the manufacture & shipping of the product are typically 40%-50% of the products sales price.

The company will need to recruit key staff once the targeted investment is raised to support the planned growth of the business (see summary of recruitment plans over).

### Discussions with Mentors/Advisors:

The founders recently presented their financial model to their mentors/advisers and some serious concerns were expressed by the mentors in relation to the expansion plans set out by the company. Concerns were expressed in relation to the following:

- Cashflow deficits in years 2-4 – the advisers were concerned about the sustainability of the company and how these deficits would be funded.
- The growth in expenditure in the early years seemed excessive.
- The HR recruitment plan – did the company require all staff as set out in the projections.
- Investment – the mentors suggested reviewing the investment amounts being sought.

In summary, the mentors/advisors suggested a complete review of the model prior to any discussions with investors.



**Task:**

You are requested to set out a number of proposals which would address the issues raised by investors and any other issues which you feel need to be addressed prior to detailed discussions with investors.

<b>Staff Recruitment Plan</b>	<b>Start Month</b>	<b>Month 12</b>	<b>Month 24</b>	<b>Month 36</b>	<b>Month 48</b>
<b>Management</b>					
CEO	<b>1</b>	30,000	60,000	70,000	80,000
R&D Manager	<b>2</b>	40,000	41,000	42,025	43,076
Operations Manager	<b>3</b>	45,000	46,125	47,278	48,460
Financial Controller	<b>6</b>	35,000	35,875	36,772	37,691
<b>Research &amp; Development</b>					
R&D Engineer (senior)	<b>5</b>	50,000	60,000	70,000	80,000
R&D Engineer (Junior)	<b>10</b>	40,000	41,000	42,025	43,076
R&D Engineer (Junior)	<b>15</b>	-	46,125	47,278	48,460
R&D Engineer (Junior)	<b>25</b>	-	-	35,875	36,772
R&D Engineer (Junior)	<b>26</b>	-	-	35,000	35,875
R&D Engineer (Junior)	<b>37</b>	-	-	-	35,875
<b>Sales &amp; Marketing</b>					
Sales Manager	<b>3</b>	50,000	60,000	70,000	80,000
Customer Service	<b>6</b>	40,000	41,000	42,025	43,076
Online sales/marketing	<b>13</b>	-	35,875	36,772	37,691
Online sales/marketing	<b>13</b>	-	35,875	36,772	37,691
Logistics	<b>30</b>	-	-	40,000	41,000
Other	-	-	-	-	-
<b>Customer Support &amp; Admin</b>					
Administration	<b>5</b>	25,000	25,625	26,266	26,922
Bookkeeper/Admin	<b>9</b>	22,000	22,550	23,114	23,692
<b>Total</b>		<b>10</b>	<b>13</b>	<b>16</b>	<b>17</b>